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TO RUEHC/SECSTATE WASHDC IMMEDIATE 6978
INFO RUEHXK/ARAB ISRAELI COLLECTIVE PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUEHBS/USEU BRUSSELS PRIORITY

C O N F I D E N T I A L JERUSALEM 000504

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NEA FOR FRONT OFFICE; NEA/IPA FOR WILLIAMS/SHAMPAINE/BELGRADE; PRM FOR PDAS GREENE AND PRM/ANE; NSC FOR ABRAMS/DORAN/WATERS; TREASURY FOR SZUBIN/LOEFFLER/NUGENT/HIRSON; BRUSSELS FOR LERNER; PLEASE PASS TO USAID FOR KUNDER/MCCLLOUD/BORODIN

E.O. 12958: DECL: 09/01/16

TAGS: ECPS EFIN PGOV PREL KWBG

SUBJECT: UPDATE ON PALESTINIAN TELECOMMUNICATIONS TENDERS

REF: A. 2006 JERUSALEM 4239
¶B. 2006 JERUSALEM 4713

Classified By: Deputy Principal Officer Tom Duffy, Reasons 1.4 (b) and (d)

¶11. (C) The Kuwaiti mobile provider Wataniya Telecom, which won the second mobile telecom operator license in the West Bank/Gaza on September 18, 2006, continues to wait for a frequency to be allocated by the GOI (see ref A), according to Enas Abu Laban, a policy advisor in the PLO's Negotiations Support Unit. She stated March 6 that Presidential Economic Advisor Mohammed Mustafa and PLO Chief Negotiator Sa'eb Erakat had recently written letters of advocacy on the part of Wataniya to the Israeli Coordinator for Government Activities in the Territories (COGAT), yet there continues to be no GOI response regarding frequency allocation. Nevertheless, the PA Ministry of Telecommunications and Information Technology (MOTIT) and Wataniya signed a formal agreement March 14 to license the company, the Palestinian National Mobile Company. (Note: License fees are not due to the PA until the frequencies are allocated. End note.)

¶12. (C) Abu Laban added that Israel has yet to assign additional mobile frequencies to the WB/G's first mobile phone service provider Jawwal (Palestine Cellular Communications Ltd). She stated that Jawwal has been requesting additional frequencies over the last five years, and has yet to receive a GOI reply.

¶13. (C) ConGen Econ Chief reiterated U.S. concerns that Wataniya's bid to pay licensing fees of USD 355 million would go to the PA treasury once the frequency is granted. She asked if there had been any internal Palestinian discussions about establishing a mechanism through the PIF or the Office of the President, similar to a mechanism that might be developed to handle taxes and royalties from commercial development of the offshore Gaza natural gas fields. Abu Laban argued that the GOI's refusal to allocate mobile frequencies is an attempt to protect Israeli mobile operators who provide unlicensed cellular services in the WB/G. She stated that, nevertheless, her team would discuss a mechanism with the PIF and the Office of the Presidency.

PA CANCELS RADIO TRUNKING TENDER

¶14. (C) MOTIT canceled its tender for a WB/G radio trunking provider (see ref B). Mohammed Mustafa told ConGen EconChief that the Jordanian company "Xpress," which planned to use

Motorola "Iden" technology, lost the award on January 19 because it could not get the GOI to approve the allocation of the necessary frequency in the forty-five days MOTIT had stipulated. The second highest bidder, using "Tetra" technology, planned to operate on a frequency already available to the PA. The Ministry decided against the second bidder because it was judged not to be commercially feasible to build a Tetra network for only private sector use. (Note: Including the public sector would have been more attractive, but there are no funds to do so. Motorola agent Said Baransi told Econoffs in early February that a third wireless tender, even for radio trunking, might have provided Wataniya with a reason to get out of their cellular provider license and the PA government did not want to provide such an opportunity to Wataniya. End note.)

WALLES